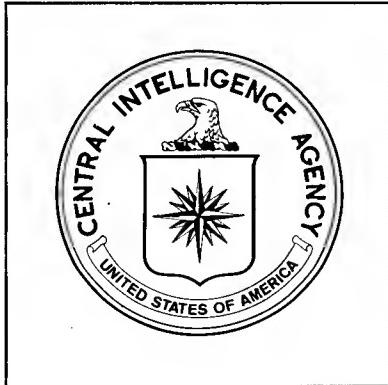


Top Secret

No Foreign Dissem



HR

STAFF NOTES:

Chinese Affairs

Top Secret

Handle via COMINT Channels

148

April 28, 1975
SC No. 00416/75

*No Dissem Abroad
Background Use Only/Controlled Dissem*

Warning Notice
Sensitive Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

Classified by 005827
Exempt from general declassification schedule
of E. O. 11652, exemption category:
§ 5B (1), (2), and (3)
Automatically declassified
on: Date Impossible to Determine

CHINESE AFFAIRS

This publication is prepared for regional specialists in the Washington community by the East Asia - Pacific Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence and from the Directorate of Science and Technology. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

April 28, 1975

Another Look at Criticism of Mao's Soviet Policy	3
[REDACTED]	
Tientsin--Plus ca change.	8
Proletarian Dictatorship: Low Gear	11
[REDACTED]	
China's Growing Interest in World Metals Market	15
Peking Invites First US Manufacturers' Delegation.	17

25X1D

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

Another Look at Criticism of
Mao's Soviet Policy

25X1

We have previously noted that criticism of Mao and of policies identified with him has recently surfaced in China and among Chinese officials abroad (*Chinese Affairs*, April 1, 1975). Some of this criticism involves Mao's views on Soviet policy, which at least on two occasions have been questioned even in the presence of foreigners.

This development obviously raises questions about China's policies toward Moscow, particularly prospects for continued intense Chinese hostility. These policies stem, in large part, from Mao's own long-standing and deeply felt anti-Soviet views.

Criticism of these views by senior Chinese officials suggests that some influential Chinese might favor a more flexible policy toward Moscow. Propaganda associated with the anti-Confucius campaign suggests, in fact, that Mao has suspected that high-level officials in China favor such a policy adjustment.

Although we have only propaganda materials suggesting criticism of Mao's Soviet policy at high levels in Peking prior to the turn of the year, the beginning of the propaganda that reflected Mao's suspicions and his departure from Peking last June or July suggest that Soviet policy may have been a live issue in Peking at that time.

We have re-examined the evidence since last summer and have found no indication that the situation has gone beyond criticism of Mao to adjustments in policy. There have been strong indications in recent weeks, in fact, that Sino-Soviet relations remain as frozen as ever:

April 28, 1975

-3-

TOP SECRET UMBRA

--According to *Pravda*, a plenum of the Soviet Central Committee concluded in mid-April that there have been no recent changes in relations between the two countries.

--Soviet Politburo candidate member Ponomarev told a conference in early March that the Sino-Soviet rift was growing rather than diminishing.

--[redacted]
[redacted] said in mid-April that there had been no progress in the border talks in Peking, and that the chief Soviet negotiator would perhaps return to Moscow in mid-May.

25X10

It is impossible at this stage to judge if Mao retains the political strength to block a modification in Soviet policy. The apparent criticism of Mao's views on Soviet policy does suggest, however, that this issue may be under discussion in Peking. Should this lead to a full-dress review of the relationship, and subsequently to a decision to adjust relations, the Chinese are likely to take certain steps which could become known to us and provide clues that an adjustment is under way.

Any improvement in Sino-Soviet ties is likely to come in state relations. Both sides have indicated strongly that a reconciliation on the party level is no more than a remote possibility. Vice Premier Chi Teng-kuei told [redacted] week that the ideological dispute would last a thousand years.

25X10

Peking is likely to prepare high levels of the party, government, and military at the center and power centers in the regions and provinces carefully

April 28, 1975

-4-

TOP SECRET UMBRA

TOP SECRET UMBRA

and deliberately for an adjustment. At these levels, criticism of the Soviets is likely to be progressively muted, and themes that put easier relations with the Soviets in a more positive light are likely to become more prominent. Peking, for example, might signal that intense hostility toward Moscow is unwise or that the Soviets should not be blamed for failures of the Great Leap Forward.

At some point, Peking is likely to begin discreet probing of Soviet receptivity and terms for an adjustment in relations. If preliminary soundings go well, friendly gestures may follow to facilitate further progress. The Chinese, for instance, might adopt more flexibility regarding the Soviet helicopter crew detained in China since March 1974.

The next steps in the process are likely to be more visible and conclude the private phase of the adjustment. Propaganda attacks against the Soviets are likely to subside, and the Chinese populace will be informed through study sessions and meetings of a shift in Peking's position regarding Moscow and the wisdom of improved relations. There are also likely to be public gestures by both sides to signal continuing interest in improving relations. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/ CONTROLLED DISSEM)

April 28, 1975

-5-

TOP SECRET UMBRA

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

25X1D

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

TOP SECRET UMBRA

Tientsin--Plus ca change...

25X1A

Recent leadership turnouts in Tientsin municipality confirm that extensive changes have taken place in the party leadership in the past two years. Two new party secretaries were announced on April 18 when Kim Il-song's train stopped in Tientsin on its way to Peking. The Tientsin garrison commander and a political commissar have been removed from the party secretariat this year, and two other secretaries who were military men have not appeared since 1973. Despite these changes, and the clear trend in the country as a whole of easing soldiers out of party and government posts, the Tientsin leadership is not yet in the hands of civilians.

The top two party and government posts are held by soldiers who seized power during the Cultural Revolution, but it is unclear whether they are still in active service. The party first secretary, Hsieh Hsueh-kung, has not been identified as first political commissar of the garrison since May 1971, but neither has anyone else. The second-ranking party and government leader, Wu Tai, is one of a number of deputy commissars of the Peking Military Region. He has not been identified in this post for some time, but there is no fixed number of deputy commissars and hence no way to tell if he remains in the post.

The two newly identified secretaries do not reveal a trend toward civilian power, either. One is a model worker who is a member of the Central Committee, but the other is probably a military man who held a party secretary post in Inner Mongolia until mid-1973.

April 28, 1975

-8-

TOP SECRET UMBRA

The continued tenure of Tientsin's putative military leaders underscores the importance of personal rather than institutional relationships that have marked Chinese domestic politics since the Cultural Revolution. While the number of military men holding civilian jobs has been significantly reduced, several soldiers with strong connections to Peking leaders have been retained in or appointed to top provincial posts. This appears to explain the survival of Hsieh Hsueh-kung who cracked down on leftist Red Guards during the Cultural Revolution and seems to have supported moderate policies since then. He may also have been left in place as a hedge against Chiang Ching and her leftist allies, who appear to have had a foothold in Tientsin.

Madame Mao escorted Mrs. Marcos to Tientsin last September and described her long and close association with the Hsiaochinchuang production brigade, which was touted as a model for national emulation when Chiang Ching appeared to be making a bid for a top government job. While the brigade continues to receive national publicity, Chiang Ching's support in Tientsin may have been undercut. For example, Wang Man-tien has been described by a Chinese official as a supporter of Chiang Ching and was a member of the now-defunct State Council Cultural Group; she no longer plays a public role in Tientsin and has not been identified as holding a post in the new Ministry of Culture.

Madame Mao's top-ranking ally in Tientsin may be Wu Tai, who had a long association with the 38th army. This unit was especially close to Lin Piao and generally supported the leftist cause. Wu's survival suggests he may have shifted his allegiance. If not, he could be the next target in Tientsin.

April 28, 1975

-9-

TOP SECRET UMBRA

TOP SECRET UMBRA

Another possible ally of Madame Mao in Tientsin was Sun Chien, a youthful worker who was made a vice premier at the People's Congress in January. His actual power at the center is suspect, and his continuing influence in Tientsin, if any, is unknown. The political allegiance of the two new secretaries is not clear, but given the balance of power in Peking, their appointment may be part of what appears to be a series of moves to undercut Chiang Ching's influence in Tientsin. (SECRET NO FOREIGN DISSEM)

April 28, 1975

-10-

TOP SECRET UMBRA

TOP SECRET UMBRA

Proletarian Dictatorship: Low Gear

25X1A

China's new campaign to study "the theory of proletarian dictatorship" has not led to violence, as had been feared by some national and local leaders, but neither has it progressed much in the 11 weeks since it began.

The moderates in the national leadership, who appear to be in control of the campaign, seem preoccupied with overcoming the widespread apprehension caused by the campaign's early propaganda. A *People's Daily* editorial in late March, a signed article by Politburo member Chang Chun-chiao in early April, and briefing guidelines recently passed down from Peking have attempted to reassure everyone that private plots will not be abolished en masse and that a wage cut is not in the works--two of the rumors that have been circulating throughout the country.

Principal targets of the campaign remain "bourgeois" bureaucratic practices and the unauthorized expansion of material incentives. Small-time corruption, tax evasion, theft of state property, and waste--especially by low-level cadres--have all received considerable attention in recent weeks. Peking also is continuing its appeals to workers to boost their productivity and lay aside their demands for increased material rewards.

Appeals aside, the center may be giving some ground on the thorny issue of wages. The latest reporting indicates that a small pay raise for lower grade workers is under consideration. Other efforts also are being made to reduce the gap between upper and lower income levels.

April 28, 1975

-11-

TOP SECRET UMBRA

TOP SECRET UMBRA

So far, the principal fear of some provincial leaders has not materialized. The campaign remains focused on the attitudes and behavior of low-level cadre and has not evolved into an attack on top national and political figures. The ongoing violence in some provinces, especially Chekiang, is long-standing and independent of the campaign.

Apprehension still surrounds the campaign, despite Peking's efforts to reassure the populace about its goals. One of the latest rumors circulating among low-level cadre in Canton maintains that criticism of individual cadre will begin shortly, now that the "study phase of the campaign is completed."
(**SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM**)

April 28, 1975

-12-

TOP SECRET UMBRA

25X1D

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

TOP SECRET UMBRA

China's Growing Interest
in World Metals Market

25X1A

Peking apparently is interested in increasing its sales of metals on the world market. A Chinese trade delegation recently visited London and Bolivia to analyze the needs of the world metals market.

In London last month, the Chinese for the first time offered to sell substantial amounts of zinc in addition to their traditional exports of tungsten and antimony. Until now China has been a zinc importer, but production from the recently completed Shao-kuan Lead and Zinc Plant will result in a zinc surplus. This plant, which incorporates the advanced Imperial Smelting Process under license from the British, took more than eight years to build.

Before zinc can become a significant source of foreign exchange, however, certain problems must be resolved: China's zinc brand is not registered with the London Metals Exchange; Chinese ingots are not packaged according to standard London Metals Exchange procedure; and China's ingot appearance is inferior by Western standards.

In Bolivia earlier this month, the Chinese were observers at a meeting held to draft the proposed text of a commodity agreement for presentation to the next session of the UN tungsten committee. In addition, the Chinese probably discussed mutual problems concerning tin, antimony, and tungsten with the Bolivians. The two countries are major producers of these metals.

April 28, 1975

-15-

TOP SECRET UMBRA

TOP SECRET UMBRA

1973 Metals Production

(metric tons)

	<u>Tin</u>	<u>Tungsten</u>	<u>Antimony</u>
China	15,000	17,500	11,000
Bolivia	31,424	2,800	51,234
World	236,000	38,700	68,000

In 1973 China exported 11,000 metric tons of tungsten; Bolivia exported its entire production. China also exported 8,000 metric tons of antimony and 10,000 metric tons of tin. More than 21 percent of total US tungsten and antimony and 5 percent of US tin imports were from these two countries.

With its huge reserves of tungsten, antimony, and tin, China is capable of increasing its exports considerably. Peking will probably proceed with caution, however, recognizing that greatly increased sales would lower world prices and might undermine Peking's efforts to curry favor with certain Third World countries. (SECRET)

April 28, 1975

-16-

TOP SECRET UMBRA

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

TOP SECRET UMBRA

Peking Invites First US
Manufacturers' Delegation

[REDACTED]

25X1A

In a surprise move, Peking has extended its first formal invitation to a US manufacturing group to visit China. Officials of the Electronic Industries Association have accepted the invitation and will depart for Peking in late July with a delegation representing ten of the top US electronics and telecommunications manufacturers.

Until now, Chinese dealings with US manufacturers have been limited to individual firms. The decision to invite a manufacturing group could stem from:

--a pressing need to satisfy domestic requirements in a high technology area by increasing imports;

--an attempt to use the delegation's influence to force a change in the COCOM embargo restrictions and to lobby for most-favored-nations treatment;

--a desire to sound out the US market potential for Chinese-made electronic components.

Large quantities of modern electronics and telecommunications equipment are needed for China to operate efficiently its newly constructed high-capacity telecommunications trunkline network. China lacks the technology and capability to produce the necessary modern telephone switching, data transmission, and ancillary telecommunications equipment for fully upgrading the new system. The US, the world leader in producing such equipment, has already supplied considerable quantities to China since 1972.

April 28, 1975

-17-

TOP SECRET UMBRA

TOP SECRET UMBRA

China has been extremely vocal in its opposition to the COCOM embargo list and the technical constraints placed on non-Communist exports to the PRC. The electronics and telecommunications equipment areas are the most heavily affected by current embargo restrictions. China may attempt to lobby the US delegation for liberalization of export restrictions as well as for most-favored-nation treatment--a subject repeatedly broached during previous meetings with US manufacturers.

Recent information indicates that China may be prepared to open negotiations with major US electronics and telecommunications firms for the purpose of supplying them with electronic components. The US electronics industry relies heavily on overseas suppliers--particularly in Southeast Asia--for electronic components. China's low labor cost could be a beneficial factor in competing in the labor-intensive component industry. (SECRET NO FOREIGN DISSEM)

April 28, 1975

-18-

TOP SECRET UMBRA

25X1D

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4

Next 2 Page(s) In Document Exempt

Approved For Release 2001/08/08 : CIA-RDP79T00865A000800280001-4